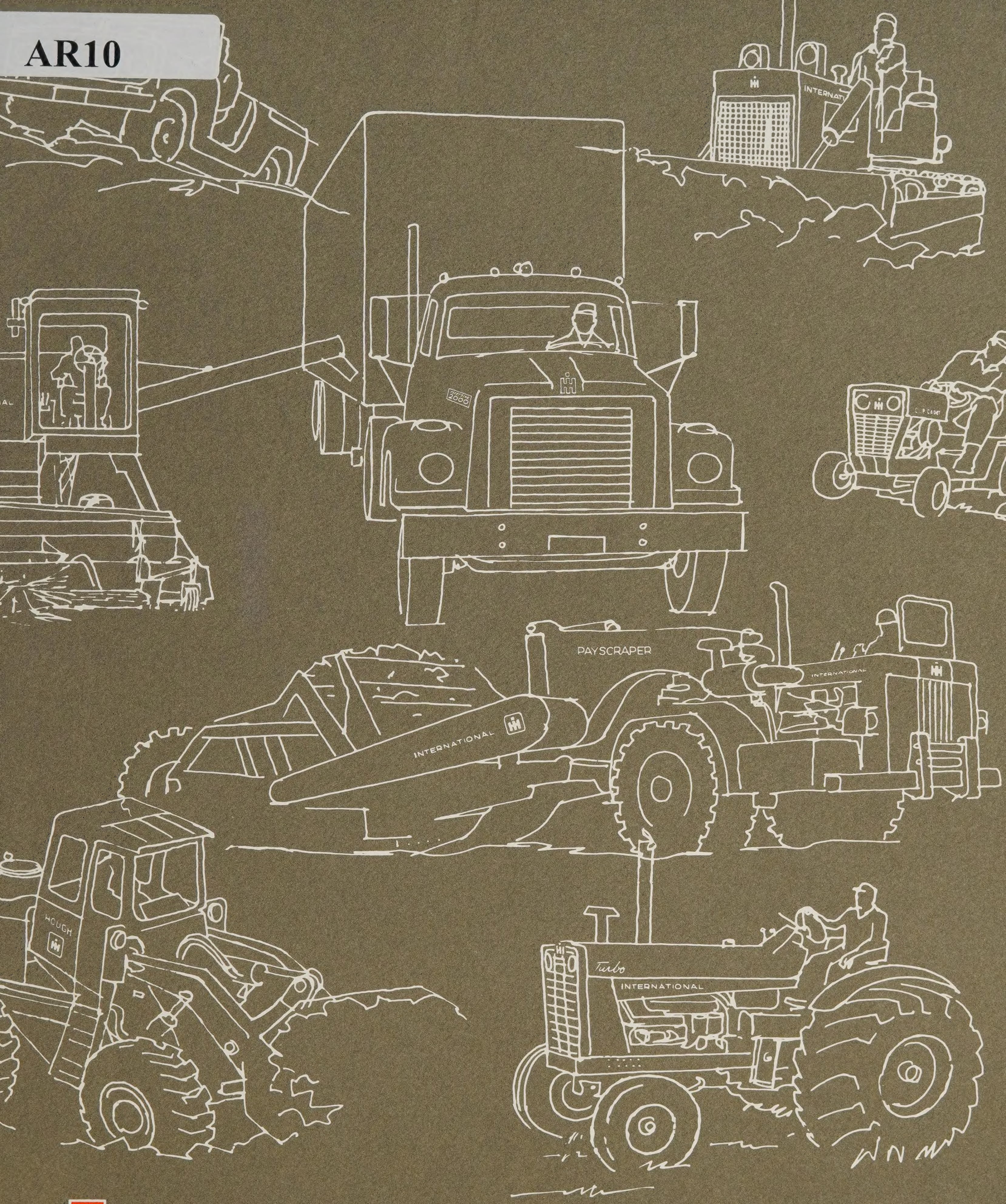


ANNUAL REPORT 1967

International Harvester Company of Canada, Limited

(Left) Crawler tractors provide a strong right arm for Canada's lumbering industry, moving logs and carving haul roads.

(Right) Moving food and a thousand other commodities right to the marketplace is a job that only trucks can do efficiently.

(Below) Fewer farmers are producing more with the aid of increasingly efficient equipment. This machine, which can disc, seed and fertilize in one operation, has helped to make soaring productivity possible.

806 tractor • 300 Diskall, duplex m

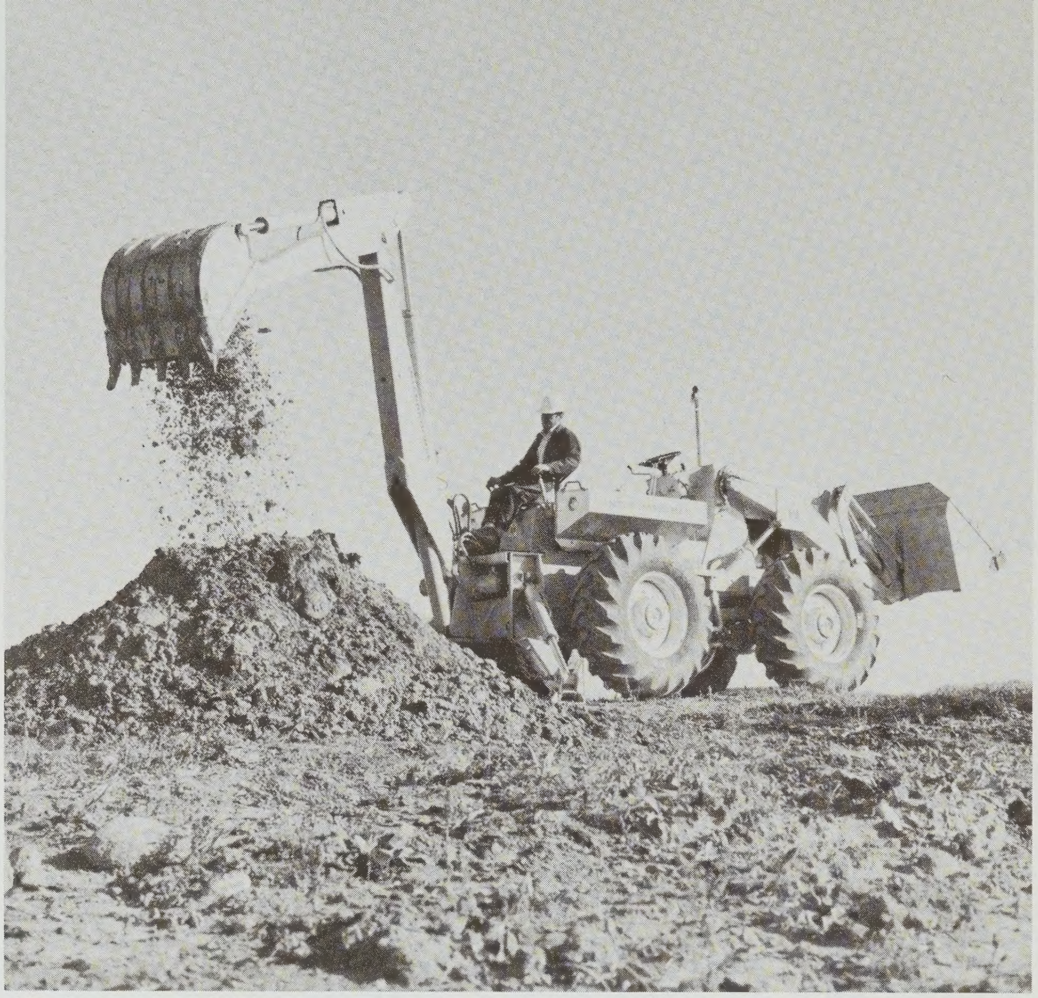
TD-25 crawler

CO Loadstar

FACTS AT A GLANCE

	1967	1966
Sales	$250,008,000	$245,739,000 + 1.7
Net income	$ 8,033,000	$ 10,207,000 - 21.3
Dividends paid	$ 3,600,000	$ 5,640,000
Income retained	$ 4,433,000	$ 4,567,000
Taxes—federal, provincial and local	$ 20,226,000	$ 19,504,000
Capital expenditures	$ 7,638,000	$ 5,755,000 32.7
Depreciation	$ 4,188,000	$ 3,213,000
Long-term debt	$ 4,200,000	$ 5,000,000
Equity capital at end of year	$ 85,794,000	$ 81,361,000
Average number of employees	7,316	7,515
Compensation paid employees	$ 44,986,000	$ 45,814,000

Highly versatile backhoe-loader tractors have become a primary tool for contractors, utilities and others in the light construction industry.



3800 loader tractor with backhoe

DIRECTORS AND OFFICERS *at December 31, 1967*

BOARD OF DIRECTORS	CHARLES C. BRANNAN RALPH M. BUZARD WILLIAM E. CALLAHAN WILLIAM R. FLEMING JAMES J. HARRINGTON	WILLIAM B. MCILVAINE, JR. DARYL B. OLDAKER W. NORMAN SMITH OMER G. VOSS JOHN W. D. WRIGHT
OFFICERS	CHARLES C. BRANNAN	*President*
	W. DUNCAN DRUMMOND	*Vice President, Engineering*
	WILLIAM R. FLEMING	*Vice President, Sales*
	WILLIAM B. MCILVAINE, JR.	*Vice President, Merchandising and Employee Services*
	W. NORMAN SMITH	*Vice President, Finance*
	FRED H. COBB	*Comptroller*
	WILLIAM HASLAM	*Treasurer*
	EARLE L. EDMONDS	*Secretary*
OTHER EXECUTIVES	KENNETH E. FORREST	*Manager, Motor Truck Sales*
	CHARLES J. MUNRO	*Manager, Farm and Industrial Equipment Sales*
	LAWRENCE J. MURPHY	*Manager, Credits and Collections*
	JOHN L. WADE	*Manager, Construction Equipment Sales*
	EMERSON A. WELLES	*Manager, Manufacturing*
	CHARLES W. WOLFARD	*Manager, Supply and Inventory*

THE PRESIDENT'S LETTER

For the fifth consecutive year the Company reached a new sales record in 1967, with sales of $250 million. However, due to mixed factors in the Canadian economy, advances in 1967 were not general across all product lines. The most significant sales increase was in our exports to the United States, particularly in motor trucks.

1967 was the first year in which we exported motor trucks to the United States under the Automotive Trade Agreement. Under the terms of the Agreement the production of certain models was transferred to the United States, and our Chatham Works produced the Company's entire North American requirements for the CO Loadstar series. Continuing study is underway regarding further rationalization of truck production in 1968 and we anticipate additional increases in our export volume in the coming year.

In May of 1966 the Federal Government appointed a Royal Commission to inquire into the farm machinery industry. When we appeared in Ottawa before the Commission we presented a thorough analysis of the industry as we see it and of the significant contributions it has made to the Canadian economy. We believe that the Commission hearings have brought to light a number of misconceptions regarding the farm machinery industry and that the final report will clarify these to the benefit of all.

Profits for our Company in 1967, in spite of improved sales, dropped below the 1966 level. Steadily increasing costs exceeded the amounts that we were able to recover through stringent cost reduction programs and modest price adjustments. Our costs for materials and services are continuing to rise but every effort is being made to offset the pressures on our profits and price structure.

One of the most important aspects of this drive to keep costs down is our Value Engineering Program. Special task forces have been established at each engineering and manufacturing center. Teams representing engineering, manufacturing, procurement and accounting review each design in detail to ensure that the required function, quality and appearance of the part or assembly is provided at the lowest possible cost. The effectiveness of this program has been most encouraging and has resulted in improved "use value" for all our products.

As we enter 1968, with two major union contracts to be negotiated, we are disturbed by the labour settlements that are being reached in the United States. If such increased wages and fringe benefits are given to IH Canadian labour virtually the entire additional cost would have to be reflected in the price of our products. Parity, to the extent that wages and fringe benefits are further increased, would only magnify this trend.

This would inevitably have an adverse effect on Canada's competitive position in the world export markets, and would particularly affect our Company's relationship to the United States market. Many of the export gains recently won would be sacrificed if our customers no longer find our products offered at prices comparable to other sources of supply.

Because of the many uncertainties facing the Canadian economy at this time, the outlook for the coming year appears mixed. We expect advances in sales of motor trucks and construction equipment, and increased exports, but we will be faced with a decline in factory shipments of farm equipment due to the present high level of dealer inventories. On balance, we anticipate that our sales for 1968 will remain approximately at the 1967 level.

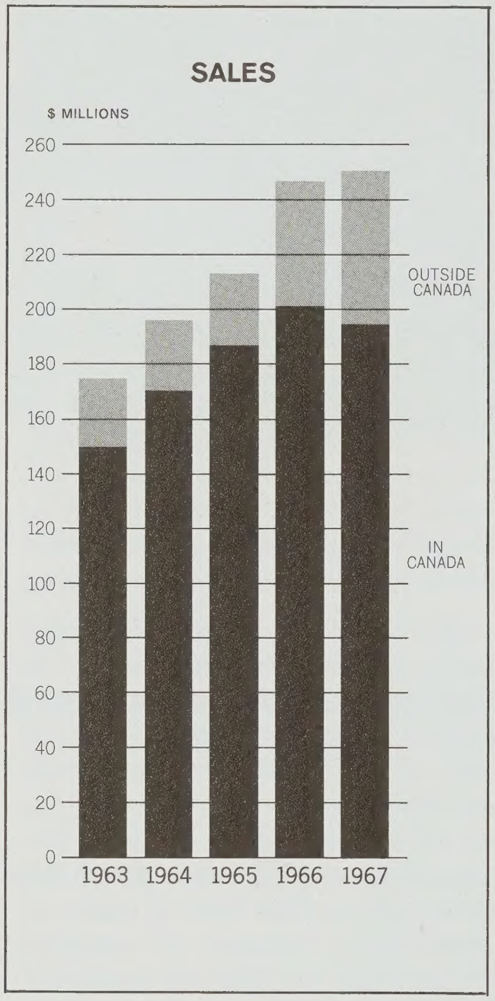
The Board of Directors and all members of management join with me in expressing our thanks and appreciation to all International Harvester employees, distributors and dealers throughout Canada whose efforts and co-operation made possible our 1967 results. We look forward to their continued support in making 1968 a successful year.

C. C. Brannan
President

January 5, 1968

REVIEW OF OPERATIONS

This report by International Harvester Company of Canada, Limited, of 1967 operations is made by its management and presented with the approval of the Board of Directors.



TOTAL SALES HIGHEST IN HISTORY

Sales in 1967 totalled $250,008,000. This was the highest figure ever achieved by our Company, and represented an increase of $4,269,000 over 1966. 1967 was our fifth consecutive record sales year.

Our greatest sales increase resulted from exports to the United States. Under the Automotive Trade Agreement, we exported motor trucks to the United States for the first time. Our Canadian-designed farm implements are increasing in popularity in the U.S. market.

Domestic sales were lower in all lines except farm equipment. Lower activity in motor trucks and construction equipment reflected the general business climate for capital goods, the unsettled labour conditions due to strikes and the construction lull that followed Expo '67.

The overall growth that the Company enjoyed is indicative of the continued acceptance of both established and newly-designed products. International Harvester is dedicated to increased efforts in product innovation, to improving existing lines through engineering effort, and to producing the best products available in the market-place through rigorous quality control.

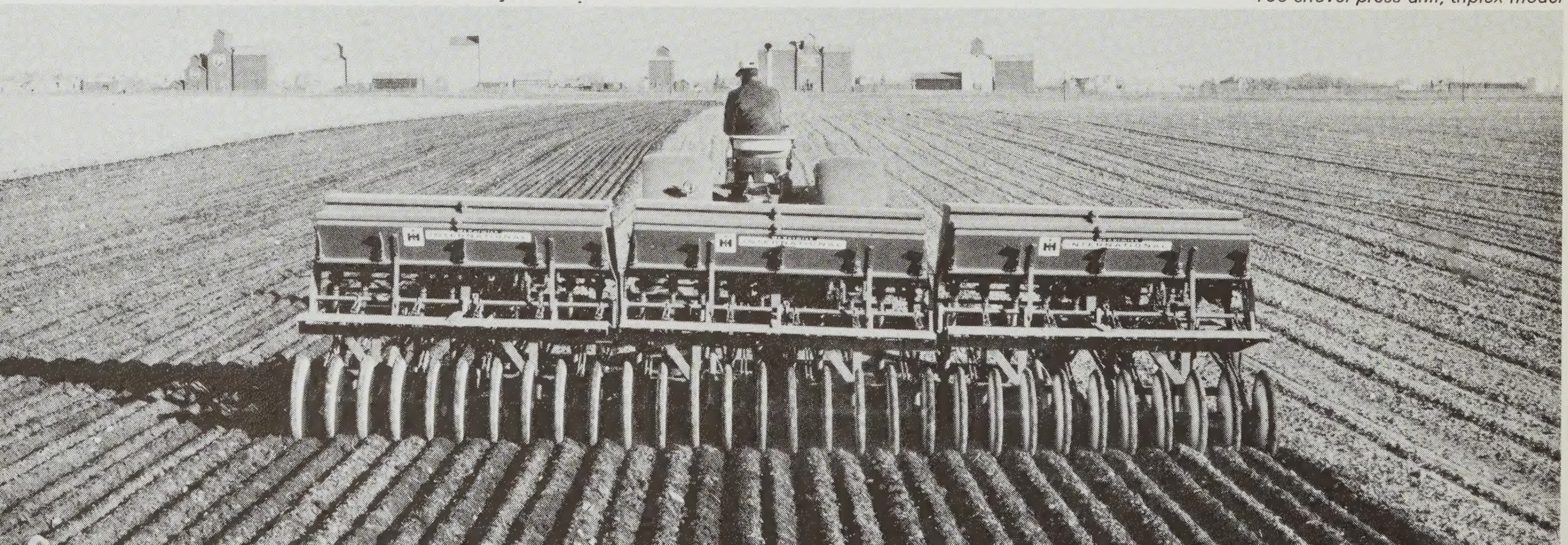
It is anticipated that total Company sales in 1968 will approximate 1967 results. Retail sales by our dealers and branches should show a moderate increase in all lines—motor trucks, farm and industrial equipment, and construction equipment. Our sales prospects may be adversely influenced by the impact on the economy of the recent income tax increase—by increasing money costs which influence the capital goods market—and by weather conditions which control the level of farm production.

NET INCOME LOWER

Net income for fiscal 1967 was $8,033,000. This was a decrease from the net income of $10,207,000 for 1966, which was a record year. This erosion of income reflected the problems facing our Company. In spite of record sales levels in 1967, total profit diminished. Small price increases on selected products, together with modest reductions in manufacturing and distribution costs, were not sufficient to offset increases in labour, material and other expenses. Our Chatham truck plant experienced higher tooling costs for production of North American require-

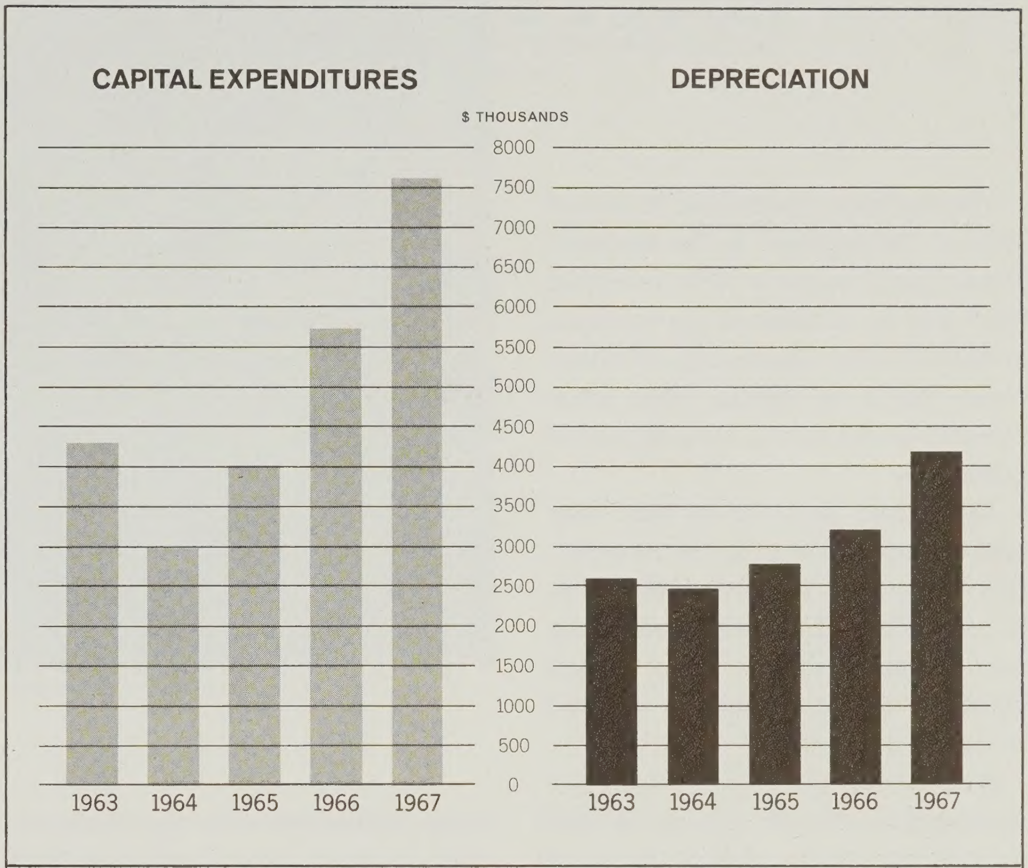
(Below) There is a clear-cut trend to more powerful tractors and bigger implements to handle horizon-wide farm jobs in less time.

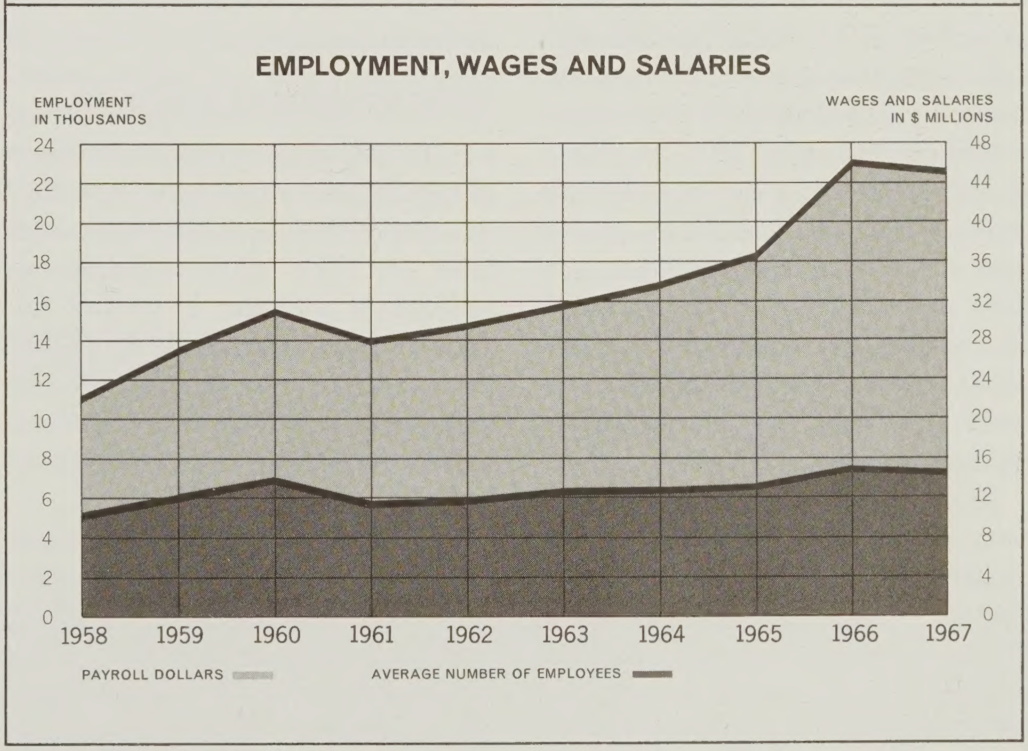
150 shovel press drill, triplex model



122 Cub Cadet

(Left) Mowing lawns, clearing snow, and doing other chores can be fun with a nimble garden tractor.





ments of the CO Loadstar series, under the terms of the Automotive Trade Agreement.

It is recognized that the profit generated in 1967 is not adequate for our level of business and does not give a reasonable return on investment. Some minor price increases were made towards the end of the year, and several major programs have been expanded to improve the profit situation. These programs involve the use of value engineering techniques and profit improvement studies throughout the Company and especially in the manufacturing area. The results of these efforts will be evident in the future.

The possible consequences of our 1968 union negotiations are uppermost in our minds. The volume of production in our Canadian manufacturing facilities, though substantial, cannot compete with those of the United States for improved productivity and cost reduction. Steadily increasing costs continue to exceed the amounts we are able to recover through stringent cost reduction programs and minor price adjustments. Price increases are unavoidable if costs continue to rise. We have observed a growing reaction to the upward price spiral and a general weakening of the price structure. It is undoubtedly true that the same problem exists in many areas of the Canadian economy.

TRUCK SALES SET RECORD

Total sales of International trucks, service parts and service established a new record in the 1967 fiscal year. Domestic and export sales of trucks increased by 8.1 per cent over 1966. This represented the highest annual sales of this product line in the Company's history.

1967 saw the first truck sales to the United States under the new Automotive Trade Agreement. Export sales of the CO Loadstar series to the United States were an important factor in our total motor truck volume.

DF 480 • Fleetstar 200

The Company maintained its overall level of participation in the domestic motor truck market in 1967. However, there was an increase in participation in the important heavy-duty classifications. This is an area in which International trucks have a long history of leadership.

The annual updating of light-duty motor trucks resulted in the introduction of the "B" line series. Basic improvements in engineering and styling were incorporated into these models which have been favourably received by our customers.

A new motor truck retail branch was opened in Cooksville, Ontario in 1967 to meet the needs of this important market area. This brings the total number of retail branches to 21. Another new motor truck branch is currently under construction in Kitchener, Ontario. Construction of an additional motor truck branch in Vancouver is now in the planning stage. These actions are indicative of our determination to keep pace with the needs of our expanding markets by providing the finest truck sales and service centers in the industry.

Several motor truck sales districts were consolidated in 1967. Our London District Office was merged with Toronto District Office, which now serves the whole of Ontario. Similarly, Calgary District Office functions were transferred to Edmonton District Office, serving Alberta.

The long-term outlook for truck sales generally is good. Domestic sales in 1968 should be up slightly. Export sales will increase as the effects of the Automotive Trade Agreement become more pronounced. Further studies are being conducted with the object of selling more Canadian-produced trucks in the United States.

FARM EQUIPMENT SALES UP

Farm equipment sales in 1967 surpassed all previous years, and increased 4 per cent over 1966, the previous record sales year. This volume of sales was particularly gratifying in view of adverse weather conditions in the Prairie Provinces during the late summer and early fall. Lack of moisture in these regions considerably curtailed sales of harvest machinery.

Export sales of farm implements and crawler tractors for agricultural application were substantial.

Several important additions to the International line of tractors were introduced in 1967. The 3800 industrial loader tractor is now available. This is a 4-wheel drive machine with combination loader/backhoe and is of the type pioneered by International Harvester several years ago. Two other tractors were also introduced in 1967. The 624 is manufactured by our German affiliate, and for the first time provides us with a competitive machine in the 50 to 59 h p range. The 656, which is in the 60 to 69 h p class, features the first commercially available hydrostatic drive on any farm tractor.

A new International product made at Hamilton Works is the 300 Diskall, which can be used for both tillage and seeding. This is the first machine of its type that can be joined together to work in widths up to 32 feet. The 375 windrower with hydrostatic drive, also a Hamilton Works product, was introduced to the United States market in 1967. This machine shows much promise and will be made available to Canadian farmers in 1968. The 275 windrower was also introduced in 1967. Both the 275 and 375 windrowers are self-propelled and of compact, low-profile design.

Two farm equipment sales districts were consolidated in 1967. Toronto District responsibilities were absorbed by London District, which will now serve all Ontario. Vancouver District functions were transferred to Calgary.

550 forage harvester • 51 power forage feeder • 656 tractor

(Far Left) Trucks are the lifeline of Canada's oil and gas industries, often operating in remote regions of the country.

(Left) Far-reaching innovations in farming methods have been made possible by farm machines such as the modern forage harvester.

(Below) It would be hard to imagine a hydro dam or superhighway too big for today's construction men, with their arsenal of giant earth-moving machines.

The current 250,000 square foot expansion of the Hamilton Works' main plant was completed in 1967. It is the most modern farm implement manufacturing and assembly facility in the country. Demolition of obsolete multistorey buildings was begun as fabrication and assembly functions were transferred to the new buildings.

Domestic retail sales of farm equipment are expected to be about 7 per cent higher in 1968 than in 1967. However, owing to high dealer inventories at the end of 1967, the wholesale business is not expected to be as great. Late in 1967 a program was begun to ship equipment for the spring season to our dealers earlier than in the past. This program will enable dealers to set up machines, service them and have them ready for sale well in advance of demand. It has been welcomed with enthusiasm by our dealers.

CONSTRUCTION EQUIPMENT SALES OFF

Construction Equipment sales followed the industry pattern, which was down from the record 1966 level. Construction equipment is sold primarily in a capital goods market and the economic climate in 1967 was generally not favourable for large investment in heavy machinery. In addition, the Company's sales were lower because of high inventories in the hands of distributors at the beginning of the year.

The Construction Equipment Division, formerly headquartered at Candiac, Quebec, was dissolved in 1967 and the construction equipment sales function integrated with the Company

295 Pay scrape

H 400 Pay loader • 180 Pay haule

sales organization. The manufacturing facility at Candiac will continue to produce construction equipment, but will be administered directly from the corporate level.

An important addition to the IH earth-moving equipment line was introduced into Canada in 1967. This was the E-200 elevating Pay scraper. It is the smallest of the IH Pay scrapers and fills out the line. This unit was designed for the general contracting market and as a utility and supplementary machine for large contractors.

It is expected that sales of construction equipment will show a moderate increase in 1968 over 1967. There have been extensive improvements in the line of crawler tractors and loaders. Pay haulers are now available with increased load capacities. These factors, together with high acceptance of the Hough line, should enhance our market position during 1968.

COMPANY INVENTORIES REDUCED

The total inventories of the Company were substantially reduced during 1967. The inventory on November 1, 1966 was $54,262,000 and at October 31, 1967 this had been reduced to $48,924,000. This reduction of $5,338,000 or 9.8 per cent was achieved by exercising stringent controls on inventories in all areas of the business.

WORKING CAPITAL FAVOURABLE

The working capital of the Company was improved slightly and amounted to $44,616,000 at October 31, 1967. The most important single factor in this favourable condition was the inventory reduction which made funds available for other income-producing investments.

IH CREDIT CORPORATION RETAIL ACTIVITY RISES

The volume of business transactions by the Company's finance subsidiary, International Harvester Credit Corporation of Canada Limited, increased slightly in 1967.

Retail note acquisitions were up 18.0 per cent and stood at $33,308,000 compared with $28,225,000 in 1966. Retail financing by our customers should continue to increase during 1968 but it is believed that wholesale requirements will show little change.

CO 4000 truc

(Left) The demand for higher speeds and greater payloads in mines, quarries and on construction sites, has resulted in the development of mammoth rubber-tired equipment.

(Lower Left) Urban markets throughout Canada are well served today by the fleets of heavy duty trucks using our network of superhighways

(Lower Right) Efficient, high-speed harvesting equipment makes it possible for the farmer to achieve maximum production even under adverse conditions.

Wholesale notes acquired by the Credit Corporation decreased by 2.6 per cent, from $148,365,000 in 1966 to $144,564,000 in 1967.

Wholesale notes receivable, particularly in the farm equipment area, were considerably higher at the end of 1967 than at the beginning. Reduced grain and oilseed crops in the Prairie Provinces resulted from inadequate moisture conditions and caused substantial increases in dealer inventories. A planned program of fall shipment of spring goods for immediate availability in the selling season, along with build-ups for new model tractors, also contributed to the rise in receivables.

EMPLOYMENT DOWN SLIGHTLY

Average employment of the Company declined from 7,515 in 1966 to 7,316 in 1967. Production was maintained at more constant levels than in 1966, although early months of 1967 required extensive overtime and excess costs to meet demand for products. Compensation paid employees in 1967 amounted to $45,000,000, with an additional total of $6,000,000 paid out for insurance, medical and pension plans and other fringe benefits.

EXECUTIVE CHANGES

Mr. William E. Callahan, Executive Vice President of International Harvester Company, was elected to the Board of Directors on May 30, 1967, to succeed Mr. Brooks McCormick.

On January 1, 1967, Mr. William R. Fleming, Vice President of Sales, was elected to the Board of Directors to fill a vacancy created by the retirement of Mr. William B. Gay.

Mr. William B. McIlvaine, Jr., formerly Vice President, Construction Equipment Division, assumed responsibilities as Vice President in Charge of Merchandising and Employee Services on August 1, 1967.

Mr. W. Norman Smith was elected Vice President of Finance, effective January 1, 1967.

On the same date, Mr. William Haslam was elected Treasurer of the Company.

Mr. Fred H. Cobb was appointed Comptroller of the Company effective May 1, 1967 to replace Mr. James J. Harrington, who accepted an executive position with International Harvester Company in Chicago, Illinois.

On April 10, 1967, Mr. John L. Wade was appointed Manager of Construction Equipment Sales.

503 combine • Loadstar truck

Specially designed tractor units have met the need for greater maneuverability of large aircraft in the terminal area. *T-300 SL Pay mover*

AUDITORS' OPINION

DELOITTE, PLENDER, HASKINS & SELLS
CHARTERED ACCOUNTANTS
105 MAIN STREET EAST HAMILTON, ONTARIO

To the Shareholders of
International Harvester Company of Canada, Limited:

We have examined the Statement of Financial Condition of International Harvester Company of Canada, Limited as at October 31, 1967 and the Statement of Income and Income Retained for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have made a similar examination of the Statement of Financial Condition of the Company's wholly-owned non-consolidated finance subsidiary, International Harvester Credit Corporation of Canada Limited as at October 31, 1967.

In our opinion these financial statements present fairly (a) the financial position of International Harvester Company of Canada, Limited as at October 31, 1967 and the results of its operations for the year then ended, and (b) the financial position of the Company's wholly-owned non-consolidated finance subsidiary, International Harvester Credit Corporation of Canada Limited as at October 31, 1967, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte, Plender, Haskins & Sells

December 11, 1967

Basis of Financial Statements

INVENTORY EVALUATION. Inventories have been valued at the lower of cost or market, market being considered as replacement cost, which does not exceed net realizable value.

FINANCE SUBSIDIARY. The net income of the finance subsidiary, International Harvester Credit Corporation of Canada Limited and its income retained have been combined herein with those of the International Harvester Company of Canada, Limited. The equity capital of the finance subsidiary appears as an investment in the Statement of Financial Condition. A separate Statement of Financial Condition of the subsidiary is on page 16.

DEPRECIATION. Depreciation has been computed by the declining balance method at rates generally calculated to absorb the cost of property during the period of its useful life. This depreciation charged to income amounted to 1967—$4,187,646; 1966—$3,212,430. For income tax purposes the Company claims capital cost allowance in excess of the depreciation recorded in the accounts. The reduction in tax liability resulting from this practice (1967—$157,000; 1966—$143,642) has not been credited to income but accumulated in deferred income taxes shown separately in the Statement of Financial Condition.

INCOME RETAINED. Of the income retained at October 31, 1967 approximately $35,074,000 (1966—$35,032,000) is restricted under the provisions of a loan agreement relating to the 5¼% notes maturing November 1, 1973.

RETIREMENT PLANS. The Company has retirement plans in effect for eligible salaried and hourly-rated employees. The estimated unfunded liability in respect of past service benefits at October 31, 1967 was $10,800,000 which is being amortized over twenty-five years from January 1, 1964. Contributions charged to income by the Company in respect of these plans were: 1967—$2,242,459; 1966—$2,459,589.

International Harvester Company of Canada, Limited

STATEMENT OF INCOME AND INCOME RETAINED For the Years Ended October 31, 1967 and 1966

	1967	1966
SALES AND OTHER REVENUES		
Sales		
Dealers and users in Canada	$193,796,279	$200,889,411
International Harvester Company	53,729,504	42,545,476
Other affiliated companies and jobbers	2,481,835	2,303,940
	250,007,618	245,738,827
Net income of finance subsidiary	1,333,185	1,256,994
Interest earned	238,343	401,200
Total	251,579,146	247,397,021
COSTS AND EXPENSES		
Cost of sales	211,952,114	205,812,762
Selling and administrative expenses	19,591,731	19,427,673
Charges for financing services on wholesale notes sold to the finance subsidiary	4,476,737	4,066,442
Interest expense	586,881	381,421
Taxes on income	6,938,826	7,501,503
Total	243,546,289	237,189,801
NET INCOME	8,032,857	10,207,220
Dividends paid	3,600,000	5,640,000
INCOME RETAINED FOR THE YEAR	4,432,857	4,567,220
INCOME RETAINED AT BEGINNING OF THE YEAR	66,360,840	61,793,620
INCOME RETAINED AT END OF THE YEAR	$ 70,793,697	$ 66,360,840

The Basis of Financial Statements presented on page 10 is an integral part of this statement.

International Harvester Company of Canada, Limited

STATEMENT OF FINANCIAL CONDITION OCTOBER 31, 1967 AND 1966

ASSETS

	1967	1966
CURRENT ASSETS		
Cash	$ 95,473	$ 145,693
Demand notes receivable from finance subsidiary	3,230,000	490,000
Receivables		
Trade accounts	9,251,370	9,191,924
Miscellaneous	1,127,515	1,192,138
Due from affiliated companies	1,961,187	803,934
Due from finance subsidiary	770,328	622,847
Inventories	48,923,770	54,262,032
Total current assets	65,359,643	66,708,568
INVESTMENT IN FINANCE SUBSIDIARY		
EQUITY IN NET ASSETS	13,555,279	13,122,094
OTHER ASSETS	1,641,089	1,598,393
PROPERTY		
Real estate, machinery and equipment—at cost	62,743,504	57,116,076
Less accumulated depreciation	31,754,484	29,437,812
Net property	30,989,020	27,678,264
TOTAL ASSETS	$111,545,031	$109,107,319

The Basis of Financial Statements presented on page 10 is an integral part of this statement.

LIABILITIES AND EQUITY CAPITAL

	1967	1966
CURRENT LIABILITIES		
Bank indebtedness	$ 2,084,721	$ 3,018,619
Current invoices and accruals	13,904,437	14,674,221
Accrued taxes	3,885,979	3,581,603
Current maturities of long-term debt	800,000	400,000
Due to affiliated companies	68,197	421,036
Total current liabilities	20,743,334	22,095,479
LONG-TERM DEBT		
5¼% notes—maturing November 1, 1973 payable in equal semi-annual instalments	4,200,000	5,000,000
DEFERRED INCOME TAXES	808,000	651,000
EQUITY CAPITAL		
Capital stock		
Authorized, issued and fully paid—150,000 shares of $100 par value	15,000,000	15,000,000
Income retained	70,793,697	66,360,840
Total equity capital	85,793,697	81,360,840
TOTAL LIABILITIES AND EQUITY CAPITAL	$111,545,031	$109,107,319

Approved on behalf of the Board:

C. C. Brannan, Director
W. N. Smith, Director

International Harvester Company of Canada, Limited

STATISTICAL DATA *(Thousands of dollars)*

SUMMARY OF INCOME AND INCOME RETAINED FOR YEARS ENDED OCTOBER 31

	1967	1966	1965
Sales and Other Revenues			
Sales	$250,008	$245,739	$213,606
Net income of finance subsidiary	1,333	1,257	1,126
Interest earned	238	401	594
Total	251,579	247,397	215,326
Costs and Expenses			
Cost of sales	211,952	205,813	174,008
Selling and administrative expenses	19,592	19,428	18,123
Charges for financing services on wholesale notes sold to the finance subsidiary	4,476	4,066	3,658
Interest expense	587	381	423
Taxes on income	6,939	7,502	9,324
Total	243,546	237,190	205,536
Net income	8,033	10,207	9,790
Dividends paid	*3,600*	*5,640*	*7,700*
Pension funding tax credit adjustment	—	—	—
Income retained for year	$ 4,433	$ 4,567	$ 2,090

SUMMARY OF FINANCIAL CONDITION AS OF OCTOBER 31

	1967	1966	1965
ASSETS			
Current assets			
Cash	$ 96	$ 146	$ 147
Marketable securities	—	—	—
Demand notes receivable from finance subsidiary	3,230	490	11,450
Receivables (net)	13,110	11,811	10,796
Inventories	48,924	54,262	47,416
Total current assets	65,360	66,709	69,809
Investment in finance subsidiary—equity in net assets	13,555	13,122	11,565
Other assets	1,641	1,598	1,124
Property (net)	30,989	27,678	25,314
Total assets	$111,545	$109,107	$107,812
LIABILITIES AND EQUITY CAPITAL			
Current liabilities	$ 20,743	$ 22,095	$ 25,111
Long-term debt	4,200	5,000	5,400
Deferred income taxes	808	651	507
Provision for employees' retirement benefits	—	—	—
Capital stock	15,000	15,000	15,000
Income retained	70,794	66,361	61,794
Total liabilities and equity capital	$111,545	$109,107	$107,812

1964	1963	1962	1961	1960	1959	1958
$195,385	$174,374	$153,748	$143,409	$156,333	$149,440	$119,141
1,029	800	733	541	453	378	—
532	612	375	188	196	767	666
196,946	175,786	154,856	144,138	156,982	150,585	119,807
156,073	137,386	122,152	116,623	128,372	122,979	98,189
17,331	16,720	15,977	15,939	16,101	16,000	13,970
3,433	2,845	2,341	2,375	2,581	2,058	—
416	423	454	482	524	568	1,128
9,758	9,162	6,821	4,067	4,318	4,071	2,972
187,011	166,536	147,745	139,486	151,896	145,676	116,259
9,935	9,250	7,111	4,652	5,086	4,909	3,548
5,400	*5,000*	*2,600*	*2,500*	*3,500*	*2,800*	*2,800*
—	1,784	—	—	—	—	—
$ 4,535	$ 6,034	$ 4,511	$ 2,152	$ 1,586	$ 2,109	$ 748

$ 1,078	$ 457	$ 144	$ 297	$ 82	$ 81	$ 146
2,300	1,150	6,473	—	—	—	—
5,500	11,220	4,240	8,200	4,360	8,070	—
10,018	9,829	9,011	7,315	6,172	8,295	32,459
46,566	41,746	41,297	36,913	42,819	43,440	28,350
65,462	64,402	61,165	52,725	53,433	59,886	60,955
11,339	9,910	9,510	9,177	8,716	7,343	—
1,070	1,127	883	1,013	960	753	746
24,221	23,911	22,671	23,361	22,483	21,270	21,015
$102,092	$ 99,350	$ 94,229	$ 86,276	$ 85,592	$ 89,252	$ 82,716

$ 20,849	$ 22,032	$ 18,623	$ 14,165	$ 14,610	$ 18,849	$ 13,423
6,200	7,000	7,800	8,600	9,400	10,200	11,000
339	149	—	—	—	—	—
—	—	3,671	3,887	4,110	4,317	4,516
15,000	15,000	15,000	15,000	15,000	15,000	15,000
59,704	55,169	49,135	44,624	42,472	40,886	38,777
$102,092	$ 99,350	$ 94,229	$ 86,276	$ 85,592	$ 89,252	$ 82,716

International Harvester Credit Corporation of Canada Limited

STATEMENT OF FINANCIAL CONDITION OCTOBER 31, 1967 AND 1966

ASSETS

	1967	1966
CURRENT ASSETS		
Cash	$ 52,453	$ —
Notes receivable		
Wholesale (less deferred discounts and unearned interest of $457,903 in 1967 and $419,839 in 1966)	49,930,851	42,863,138
Retail (less unearned finance charges of $4,658,295 in 1967 and $3,148,221 in 1966)	31,975,497	26,129,893
	81,906,348	68,993,031
Less allowance for losses	1,322,479	1,156,938
Notes receivable (net)	80,583,869	67,836,093
Total current assets	80,636,322	67,836,093
PREPAID INTEREST AND OTHER ASSETS	376,955	122,810
UNAMORTIZED DEBENTURE EXPENSE	12,000	24,000
Total assets	$81,025,277	$67,982,903

LIABILITIES AND EQUITY CAPITAL

	1967	1966
CURRENT LIABILITIES		
Bank indebtedness	$ —	$ 102,658
Demand notes payable—bank	8,010,000	6,625,000
Demand notes payable—parent company	3,230,000	490,000
Notes payable—short-term	37,819,800	29,928,050
Accrued interest	544,358	215,890
Current invoices and accruals	34,539	19,326
Accrued taxes	578,727	519,262
Due to parent company	770,328	622,847
Dealers' contingency credits	786,933	642,463
Total current liabilities	51,774,685	39,165,496
SENIOR INDEBTEDNESS		
5¾% Debenture Series A, due 1982	6,000,000	6,000,000
5¾% Debenture Series B, due 1984	5,000,000	5,000,000
Total senior indebtedness	11,000,000	11,000,000
SUBORDINATED INDEBTEDNESS		
6% Note, due 1984	2,000,000	2,000,000
7¾% Note, due 1971 (U.S. $2,500,000)	2,695,313	2,695,313
Total subordinated indebtedness	4,695,313	4,695,313
EQUITY CAPITAL		
Capital stock		
Authorized—250,000 shares of $100 par value Issued and fully paid 100,000 shares	10,000,000	10,000,000
Income retained		
Income retained at end of the year	3,555,279	3,122,094
Total equity capital	13,555,279	13,122,094
Total liabilities and equity capital	$81,025,277	$67,982,903

Income retained	1967	1966
Net income for the year	$1,333,185	$1,256,994
Dividends paid	900,000	700,050
Income retained for the year	433,185	556,944
Income retained at beginning of the year	3,122,094	2,565,150

Approved on behalf of the Board: W. N. Smith, Director

C. C. Brannan, Director

Basis of Financial Statements

RECEIVABLES. At October 31, 1967 wholesale notes receivable included $1,002,871 which will mature after October 31, 1968, of which none will mature after October 31, 1969 and retail notes receivable included $18,448,366 maturing after October 31, 1968 of which $6,834,257 will mature after October 31, 1969.

NET INCOME. Earnings on wholesale notes are derived from carrying charges based on the monthly note balances and from a discount which the Company takes into income upon settlement of the notes.

Finance charges included in retail notes are taken into income over the life of the notes.

INDEBTEDNESS. At October 31, 1967 there is no restriction on dividend distribution under the provisions of the loan agreements relating to the senior and subordinated indebtedness.

(Right) Today's contractor can select crawler tractors with power matched to every size and type of job.

(Below) Thousands of Canadians are enjoying the pleasures of outdoor living instylish, comfortable "campermobiles."

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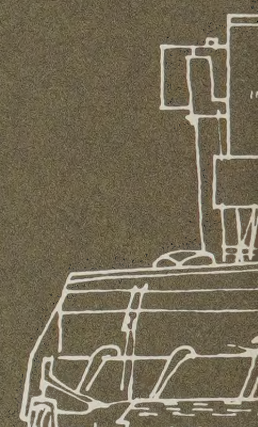
Travelette, B Series, Camper Body

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